

CORPORATE PLANNING



Norikazu Ohno

Executive Managing Director

In April 2002, Tsubakimoto Chain launched its new medium-term management plan, STEP04. Over the next three years, the Company will develop its operations in accordance with the concrete targets and benchmarks outlined in the plan. STEP04 sets out profit schedules for each division, measures to reduce interest-bearing liabilities, and workforce reductions. Based on these initiatives, the Company aims to secure a sound business base that can generate profits even during periods of economic downturn when rapid recovery in private-sector capital investment is unlikely.

The STEP04 medium-term management plan contains financial forecasts for the fiscal year ending March 2005, which include consolidated net sales of ¥124.0 billion, operating income of ¥8.3 billion, and net income of ¥4.6 billion. In our mainstay chain operations, although a continued decline in private-sector capital investment is expected in domestic sectors, we will enhance profitability by promoting globalization, expanding sales of high-performance, high-quality products, and improving production efficiency through the optimal utilization of new plants. Supported by growing demand for its automotive parts as well as organizational improvements within its materials handling systems operations, Tsubakimoto Chain will use the momentum of these two businesses to achieve its financial and operational targets.

Short-term and long-term interest-bearing debt amounted to ¥76.7 billion on a consolidated basis at the end of the fiscal year under review, mainly associated with capital expenditures for new plant construction. The Company has established a plan for the coming years to implement the staged reduction of this amount on an annual basis.

Our basic strategy has been to allocate capital generated through the comprehensive rationalization of operations, such as workforce reductions, to depreciation and interest obligations. In the years ahead, we will continue to aggressively cut staff numbers, focusing on our back-office sections. After reaching a peak at the end of March 1994, when the parent company had 3,180 employees, staff numbers have been reduced through rationalization and other measures and at the end of the year under review totaled 2,263. Including employee transfers that accompanied the spin off of the Power Transmission Units and Components Business Unit, we are taking steps to have a workforce of 1,800 employees at the parent company by the end of March 2005. Such efforts will focus on reducing back-office staff numbers. At present, approximately 300 administrative employees are employed at our Head Office and related companies in Japan, and we intend to halve this number to roughly 150 staff. As part of this process, we will establish a new support company responsible for administrative tasks that will strive to improve the operational efficiency of the Tsubakimoto Chain Group as a whole.

Through the implementation of the above policies and strategies, Tsubakimoto Chain will transform itself into a company that is founded on a solid operating base and is capable of generating higher profitability.



Tsubakimoto Chain Group
environmental meeting